

The importance of not jumping to conclusions

One of the indicators of a member who might be finding themselves in trouble is an increase in complaints arriving with their dispute resolution scheme. However, an increase in complaints does not necessarily mean they are not operating a financial service in a genuine manner

Some months ago, a new product came on to the market. It was a very different financial product to what existed already and promised some outstanding results. It had become very popular overseas and interest in New Zealand was on the rise.

A number of companies opened financial businesses to 'market' this new product in New Zealand. Its popularity had a massive boost when media began reporting positively on the product and its value jumped extraordinarily.

All of a sudden, there were many people 'buying' the product. Almost overnight, we started getting complaint after complaint which amounted to 40-50 per month, all from one provider of the new product.

This of course rang alarm bells and caused us concerns that the provider was not acting properly. However, we decided that before we jumped to a conclusion, we should do some investigation.

Firstly, we met with the regulator and asked them what they thought of the company. One of their experts had done some work on them and believed the company was legitimate and not acting inappropriately. However, the complaints kept coming in and were on the increase.

Secondly, we took a closer look at the complaints which at this stage were being referred back to the product provider. This revealed that most looked like poor customer service rather than a suspect product or service.

Thirdly, instead of raising numerous complaints and formally referring them to the product provider, we invited the product provider to a meeting to discuss the problems. At that meeting, the CEO of the company explained their business had boomed and they were struggling to find staff. Hence the number of complaints not being dealt with and customers coming to us. He explained that he was in the process of hiring more staff. He undertook to reduce the number of complaints to almost nil by the end of the month. We offered to assist with his plans by providing information on internal complaint handling processes.

By the end of that month, the complaints coming to us had virtually reduced to nil. By working with the scheme member rather than taking a hard-line, we were able to help a thriving New Zealand business to continue to grow and improve their internal complaints capability which was a great result for the member and their customers.

